BGSN SHEET METAL, LLC

GULF COAST HVAC & SHEET METAL
INDUSTRY UPDATE
AUGUST 2026 EDITION

MARKET TRENDS • MATERIAL PRICING • CODE & COMPLIANCE • FABRICATION INSIGHT

Steel Is Up 44% Year Over Year. Price Your Duct Accordingly.

National nonresidential construction is in its longest soft stretch in three decades — and Louisiana is one of the few states running the other direction. Here is what the numbers mean for your next duct package.

FROM THE SHOP FLOOR • BGSN SHEET METAL, LLC • SLIDELL, LOUISIANA

$1,200	47.3	–7%	+26.9%
HRC STEEL / TON	ARCHITECTURE BILLINGS INDEX	U.S. NONRES. SPENDING	LA NONRES. STARTS
Aug. 7, 2026 — up 43.7% year over year	June 2026 — 41st month below 50	Jan.–May 2026 vs. prior year	2026 forecast, excluding office

MARKET WATCH

A Split Market: Soft Nationally, Busy on the Gulf Coast

The national picture is not good, and there is no point dressing it up. U.S. nonresidential building spending fell roughly 7% in nominal dollars through the first five months of 2026 against the same stretch of 2025. In July, the AIA Consensus Construction Forecast Panel cut its 2026 outlook from a 1.0% increase to a 0.3% decline, while raising its 2027 forecast to 3.0% growth.

The leading indicator agrees. The AIA/Deltek Architecture Billings Index scored 47.3 in June — better than May's 44.5, but still under the 50 breakeven, marking the longest downturn in the index's thirty-plus year history. Design backlogs slipped to an average of 6.3 months from 6.6 months in Q1, which is your nine-to-twelve-month look at 2027 bid volume.

Two things keep that from being the whole story. First, billings have held up better in the South than in the Northeast or Midwest. Second, what growth exists nationally is concentrated: strip data centers out of the commercial category and the rest of it is projected to decline about 1% this year.

Louisiana is on the right side of that split. Nonresidential building starts in the state are forecast up 26.9% year over year even with office work excluded, with gains across seven of eight nonresidential sectors.

The energy build-out is the engine. Louisiana accounts for roughly 61% of total U.S. LNG exports, and the state is second only to Texas in planned natural gas pipeline capacity — 8.4 Bcf/d of additions through 2027, led by the Port Arthur Louisiana Connector coming online late this year. Layer on AI and data center investment plus the healthcare, education, and municipal work that follows industrial payrolls, and the regional pipeline extends well past this cycle.

> **WHAT IT MEANS FOR YOU**
> Work is available here, but it is being fought over on price by contractors who have run out of work elsewhere. Margin will come from schedule performance and shop productivity — not from a soft bid market. A fabricator who turns your hard fittings quickly is worth more in this environment than one who is ten cents cheaper per pound.

Sources: AIA Consensus Construction Forecast (July 2026); AIA/Deltek Architecture Billings Index (June 2026); U.S. EIA Natural Gas Pipeline Projects Tracker; ConstructConnect / regional starts forecasts.

MATERIAL WATCH

Coil Pricing: Protect Your Quote Windows

The U.S. Midwest hot-rolled coil benchmark closed at roughly $1,200 per ton on August 7 — up about 2.9% over the previous month and roughly 43.7% above the same point last year, the highest level since June. Galvanized carries a premium over HRC and tends to follow it with a lag, so the increase you are reading about today is largely still working its way into your duct pricing.

Ductwork is one of the most material-heavy scopes on a mechanical job. A 40% swing in coil does not stay in the shop — it lands in your subcontract.

Five things worth doing before your next duct buyout

- **Fix pressure class and seal class in writing before you price.** A blanket 2 in. w.g. / Seal Class A requirement across an entire system drives gauge, reinforcement, and sealing labor on low-pressure branch runs that never needed it. Ask the engineer for pressure class by system segment.
- **Confirm your quote validity period and put it in your proposal to the GC.** If your fabricator holds pricing for 30 days and your GC expects a 90-day hold, you own 60 days of commodity risk for free.
- **Release long-lead and high-material scope early.** Locking quantities converts an open commodity position into a fixed cost.
- **Read the escalation and delay language in the subcontract.** A no-damages-for-delay clause paired with a fixed price and a floating steel market is a bad combination on a two-year job.
- **Price alternates honestly.** Round and spiral generally deliver equivalent capacity with less metal and lower leakage than rectangular — when the route has the clearance. It is worth an RFI on tight ceiling plenums.

HRC benchmark pricing per NYMEX U.S. Midwest Domestic Hot-Rolled Coil futures, quoted August 7, 2026. Galvanized coil is priced separately and regionally; confirm current pricing at time of bid.

CODE & COMPLIANCE

A2L Refrigerants: The Part That Lands on the Sheet Metal

Most A2L coverage focuses on refrigerant and equipment. The provisions that actually reach the duct scope get less attention, and they are showing up in submittal reviews and inspections now.

REFRIGERANT	ASHRAE 34 CLASS	APPROX. GWP	TYPICAL APPLICATION
R-410A	A1 — nonflammable	~2,088	Legacy equipment; service and sell-through only
R-454B	A2L — mildly flammable	~466	Primary R-410A replacement, most major OEMs
R-32	A2L — mildly flammable	~675	Daikin, Mitsubishi, and other OEM platforms

Where the deadlines stand

Manufacture and import of R-410A equipment for most residential and light commercial applications has been restricted since January 1, 2025 under the EPA's AIM Act Technology Transitions Rule. Sell-through of pre-2025 equipment ran to January 1, 2026 for split systems and runs to January 1, 2028 for packaged units.

The installation deadline has moved. EPA has proposed removing the January 1, 2026 installation deadline for residential and light commercial systems and has deprioritized federal enforcement while it works toward a formal repeal. **State and local rules still control** — verify with your AHJ before you bank a schedule on it, and get the equipment manufacture date in writing at buyout.

Why it matters to the duct package

A2L equipment is built around leak mitigation, not just a refrigerant swap. Systems ship with refrigerant detection and a mitigation sequence that runs the indoor blower to dilute a leak. That sequence assumes an air path.

- Motorized and zone dampers must be able to open, or fail open, in mitigation mode — coordinate the sequence with the controls contractor before the duct is hung.
- Plenum, coil connection, and return configurations must match what the OEM's listing assumes; do not improvise a transition at the unit.
- Service and sensor access has to be left in the ductwork and in the ceiling, not designed out during coordination.
- The 2024 IMC/IBC editions carry A2L provisions; adoption varies by parish and municipality on the Gulf Coast.

BOTTOM LINE

Catch the mitigation airflow requirement in coordination, not at final inspection. Reworking a plenum and a damper sequence after ceilings are closed is an expensive way to learn a code section.

GULF SOUTH PROJECT WATCH

What Is Actually Driving the Regional Pipeline

- **LNG export.** Louisiana accounts for roughly 61% of total U.S. LNG exports. A multi-billion-dollar production and export facility is in construction at Sulphur, with additional Louisiana facilities in various stages of preconstruction. Of the LNG export projects under construction or proposed nationally, roughly a dozen and a half are sited in Louisiana.
- **Gas transmission.** The state is second only to Texas in planned pipeline capacity — 8.4 Bcf/d of additions through 2027, led by the Port Arthur Louisiana Connector (2.0 Bcf/d, service expected late 2026) and the Pelican Pipeline (end of 2027).
- **AI and data centers.** Data center construction is carrying the entire commercial category nationally, and Louisiana's large-scale AI campus development has put the state on national vendor lists.
- **The follow-on work.** Anchor industrial projects pull craft labor out of the commercial market and then generate the healthcare, education, municipal, and light commercial work that follows industrial payrolls. That second wave is where most Gulf South mechanical contractors will actually bid.

WATCH YOUR LABOR, NOT JUST YOUR BACKLOG

When mega-projects ramp on the Gulf Coast, sheet metal and pipefitting manpower gets expensive fast. Locking fabrication scope into a shop protects your field crews for the work only they can do.

Sources: U.S. EIA Natural Gas Pipeline Projects Tracker; ConstructConnect Project Intelligence; AIA Consensus Construction Forecast (July 2026); public project reporting. Figures are directional — confirm scope and schedule before committing resources.

SHEET METAL INSIGHT

Don't Let Fabrication Become the Schedule Bottleneck

Field-built duct is the most expensive duct on the job. It consumes journeyman hours at installed labor rates to produce a part a shop can build faster, tighter, and to a documented standard. The fix is not more shop capacity — it is earlier information.

Send the hard 10% first

Most jobs have a small number of pieces that cause most of the delay. Identify them at coordination and release them ahead of the bulk package:

- Equipment connections, coil plenums, and unit transitions
- Tight offsets and structure-driven routing conflicts
- Non-standard transitions at shafts, chases, and beams
- Fire and smoke damper sleeves and access panels
- Louver, hood, and roof curb connections
- Anything the model shows in the same coordinate as pipe or steel

Field-verify before you cut

Equipment connections should be built off approved submittals and verified dimensions — not plan-scaled dimensions. Units get substituted, and a 2-inch discrepancy at a coil connection becomes a field-built box, a leak, and a punch item.

Specify to SMACNA, then hold the line

Construction, reinforcement, and hanger requirements follow SMACNA *HVAC Duct Construction Standards — Metal and Flexible*. Two decisions drive most of the cost:

- **Pressure class** sets gauge, reinforcement spacing, and joint type.
- **Seal class** sets how much of the assembly gets sealed, and the labor that goes with it.

When leakage testing is specified, agree on the test method, the leakage class, and which sections get tested *before* fabrication starts — per the SMACNA *HVAC Air Duct Leakage Test Manual*. Testing scope discovered at commissioning is a change order argument nobody wins cleanly.

> **OUR APPROACH**
> Build it right in the shop — instead of building it twice in the field.

WHAT WE FABRICATE

BGSN Sheet Metal provides commercial HVAC fabrication for mechanical contractors, HVAC companies, and supply partners throughout the Gulf Coast. In-house fabrication gives us direct control over quality, production sequence, and turnaround.

- Rectangular ductwork — all pressure classes
- Round and spiral ductwork and fittings
- Custom fittings, transitions, and offsets
- Plenums and coil casings
- Equipment connections and unit transitions
- Specialty sheet metal components
- Custom field-required pieces on short notice
- Complete commercial duct packages

Need Sheet Metal? Send Us the Plans.

Send drawings, specs, or a sketch — we will tell you what can be built ahead of installation.

For the fastest turnaround on a takeoff, include: mechanical plan sheets and duct schedules, specification sections for ductwork and insulation, approved equipment submittals, ceiling heights and structure conditions, and your required delivery sequence.

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This newsletter is provided for general information. Code adoption, refrigerant rules, and material pricing change frequently — verify current requirements with your AHJ, engineer of record, and suppliers before relying on them for a bid or installation.